

## COMMITTEE ON FINANCE

**May 3, 2005**

**Upon Recess of BMA**

Mayor Baines called the meeting to order.

The Clerk called the roll. There were thirteen Aldermen present.

Present: Aldermen Roy, Gatsas, Guinta, Sysyn, Porter, O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Thibault and Forest

Absent: Alderman Osborne

Messrs.: Tom Clark, Dr. Michael Ludwell, William Sanders, Randy Sherman, Steve Tellier

Mayor Baines addressed item 3 of the agenda:

**3. Supplemental Appropriating Resolution:**

“A Resolution providing for supplemental appropriations to the Manchester Airport Authority from Special Airport Revenue Funds for Fiscal Year 2005 in the amount of \$4,500,000.”

On motion of Alderman O'Neil, duly seconded by Alderman Garrity, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Deputy City Clerk Johnson stated that at the public hearing this evening there was a request to amend this amount to \$10 million, so the motion would be to amend the resolution if the Board so wishes.

Alderman Roy moved to amend the resolution to \$10 million. Alderman O'Neil duly seconded the motion. There being none opposed, the motion carried.

Alderman Roy moved that the supplemental appropriating resolution ought to pass and layover as amended. Alderman Sysyn duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines addressed item 4 of the agenda:

**4. Appropriating Resolution:**

“A Resolution appropriating to the Manchester Airport Authority the sum of \$57,057,100 from Special Airport Revenue Funds for Fiscal Year 2006.”

**NOTE: Amendments have been requested as follows:**

*Decrease Line Item Expenses from 17,491,100 to 17,261,100*

*Increase Debt – Principal and Interest from 16,350,000 to 24,000,000*

*Decrease Debt – Bond Financing from 12,150,000 to 230,000*

*New Total for resolution 52,557,100*

On motion of Alderman Garrity, duly seconded by Alderman Forest, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Deputy City Clerk Johnson stated we did distribute a handout with a new communication as well as a resolution attached with the proposed amendments so that those outlined on the agenda are not quite correct. Line item expenses from \$17,491,100 would go to \$17,261,100; Increase Debt from \$16,350,000 to \$18,500,000; Increase Debt in Bond Financing from \$12,150,000 to \$230,000; New total of resolution would be \$47,057,100. If the Board so desired, a motion would be to amend the resolution to those numbers.

Alderman Lopez moved to amend the resolution as outlined by the Clerk. Alderman Shea duly seconded the motion. There being none opposed, the motion carried.

Alderman Thibault moved that the appropriating resolution ought to pass and layover as amended. Alderman Roy duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines addressed item 5 of the agenda:

**5. Appropriating Resolution:**

“A Resolution appropriating the sum of \$15,184,335 from Sewer User Rental Charges to the Environmental Protection Division for Fiscal Year 2006.”

On motion of Alderman Thibault, duly seconded by Alderman O'Neil, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Alderman O'Neil stated, your Honor, just a question...not specific on this. Earlier when we were talking about this MER there was some talk about everything had to go back to the public hearing. Does that include all of the resolutions we have before us.

Deputy City Clerk Johnson replied it would include addressing all of the resolutions back at a public hearing. We will address that when you get to the resolution, which is listed, I think last on the agenda or near to it. It would not stop the process that you're doing now, you can still go forward with that.

Alderman Lopez moved that the appropriating resolution ought to pass and layover. Alderman Sysyn duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines addressed item 6 of the agenda:

**6. Appropriating Resolution:**

“A Resolution appropriating to the Manchester Transit Authority the sum of \$1,074,691 for the Fiscal Year 2006.”

On motion of Alderman Thibault, duly seconded by Alderman Roy, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Alderman Gatsas stated I would like to amend the appropriating resolution to read \$974,691, your Honor.

Mayor Baines asked is there a reason for that?

Alderman Gatsas replied the reason being, your Honor, is I think we need to look at the budget in its entirety and this is one resolution that's before us. As we talked about last year there was about a million dollars in their reserve account, I think they can participate some of those funds in their reserve account. I think that the taxpayers...it's time because we just heard a little while ago it might cost us \$1.3 million, I know that we are doing other things and we need to start taking the taxpayer...considering where we are with him or her.

Alderman O'Neil stated if I may, your Honor, can I just ask my colleague what does that number do or not do based on...

Alderman Gatsas replied, Alderman, I think there are three other resolutions that are going to come before us here and I think that obviously if we amend the first one as we take a look at reducing the tax rate figure that resolution...the transit...is in the Mayor's proposed budget, so as we go forward I think we need to talk about that going forward. I think, again, to have a reserve account that they hold a million dollars in...it doesn't show on their balance sheet, it doesn't show on the monthly statements that we receive.

Alderman O'Neil stated I guess my question is what's the impact of your recommendation?

Alderman Gatsas replied the impact...

Alderman O'Neil asked how did you reach that number?

Alderman Gatsas stated what does it do to the bus service...I don't think it does anything, your Honor, because there's a million dollars in their reserve account that they can use a hundred thousand dollars of.

Mayor Baines asked, Mr. Sherman, would you like to comment.

Mr. Sherman stated I'm not certain about this million dollars but I know that these funds get matched by federal dollars and I guess I'd be amiss to...

Mayor Baines stated again we've been trying to deal with the Step Saver service to outreach in the community, trying to deal with issues related to transit especially if some of the people depend on public transportation, improving enhanced services, etc., etc. So, I do not recommend that cut and would urge the Board to pass the resolution as presented.

Alderman Gatsas stated, your Honor, with all due respect I don't disagree with all the things you've talked about. But, I think that the taxpayer again when we see the monthly statements we don't see a reserve account of a million dollars, why isn't there an accounting of that? I think that when we start appropriating money to the Manchester Transit Authority that conversation came up last year before us. I think it was very clear that the funds were there and they're still not showing them in an appropriation line or even in their budget. So, I think again when we're

looking at the whole scheme of the budget...when we look at a 10% cut this year again we're looking at funding for education funding...we don't know where the state is yet, your Honor.

Mayor Baines stated I understand that.

Alderman Gatsas stated I think that it's important that when we look and we go forward with budgets we take every single thing into consideration because it was nothing for us to cut the departments last year two percent after we had shortfall and I think that going forward we should be cognizant of that because the MTA didn't see a two percent cut last year, your Honor. When we had to worry about where we were getting salt from and everything else everybody kind of rode and took their million out.

Mayor Baines stated I understand that but the Transit Authority provides public transportation for some of the people who depend on public transportation as I've outlined earlier and if anything we need to look at standing public transportation to people who need that kind of service and Dave Smith is not here right now I'd ask you to pass the resolution as presented and we can have Mr. Smith come in at the next meeting to discuss it further.

Alderman Lopez stated I'd also recommend that and I think that Alderman Gatsas is going to have an opportunity to amend this after we listen to Mr. Smith and the other details and I think that we can go forward and have the public hearing for the other thing we have to deal with but we're just passing the resolution and there will be plenty of time to make amendments.

Mayor Baines stated I will accept your motion...would you read it again, Alderman.

Alderman Gatsas stated my motion is to amend the appropriation for Manchester Transit Authority from \$1,074,691 to \$974,691 for the fiscal year 2006. Alderman Garrity duly seconded the motion.

Alderman Guinta asked whatever number passes will layover for a minimum of five days. When's the next meeting going to be, when are we going to be voting on this next...the 17<sup>th</sup>...and that would be the final vote?

Mayor Baines replied it could be.

A roll call vote was taken on the motion to amend the resolution. Aldermen Gatsas, Guinta and Garrity voted yea. Aldermen Sysyn, Porter, O'Neil, Lopez, Shea, DeVries, Smith, Thibault, Forest and Roy voted nay. Alderman Osborne was absent. The motion failed.

Alderman O'Neil moved that the appropriating resolution ought to pass and layover. Alderman Thibault duly seconded the motion. The motion carried with Aldermen Gatsas, Guinta and Garrity duly recorded in opposition.

Mayor Baines addressed item 7 of the agenda:

**7. Appropriating Resolution:**

“A Resolution appropriating to the Manchester School District the sum of \$142,203,719 for the Fiscal Year 2006.”

On motion of Alderman O'Neil, duly seconded by Alderman DeVries, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Alderman Gatsas moved to amend the appropriating resolution to \$141,000,000 for the Fiscal Year 2006. The reason for the amendment, your Honor, I went back and did what you did...I took their operating budget of last year of \$137 million and reduced it by what their surplus that I heard at the last meeting was approximately \$1.5 million...I think I just took \$1.2 million...took it off the \$137 million multiplied that by the 3.4% that you did, your Honor, brought it forward and it was about \$141 million.

Mayor Baines stated so you would expect them just to spend that surplus on the other side.

Alderman Gatsas stated we don't have control of that.

Mayor Baines stated again I don't recommend that fund balance. I think that fund balance should come forward and we should appropriate the year based upon what their needs are every year. We've urged all of the departments to do that including the School District.

Alderman Gatsas stated with all due respect every time we appropriate money and they send it back it cost the taxpayers money. It costs them \$.19 cents for a million dollars. Two years ago it was \$2 million, it was \$.38 cents on the tax rate. This year it's another two million, it's another \$.38 cents. When you start

compounding that amount that's \$76 million over two years, your Honor. Now, the accolades go to the department for what they've done, there's no question. I think that we've been a little amiss at not controlling what we've been giving them because obviously we're giving them too much.

Mayor Baines stated again I'm not going to stand here and debate you about that...I explained at the last meeting...one placement of a special ed kid out-of-district can be in the six digits and three or four kids like that...Karen Burkush is here tonight...she's worked very hard to bring kids back into the School District...that's how they're managing their money...they're working very hard on issues like special education and others.

Alderman Lopez asked has there been a second to this amendment?

Mayor Baines replied no there has not.

Alderman Lopez asked then why are we discussing it.

Mayor Baines stated that's a good point. Is there a second to the amendment to reduce the appropriation for the School District to \$141,000,719?

Alderman Gatsas interjected no it's an even \$141 million.

Mayor Baines asked is there is a second to that amendment?

Alderman Garrity duly seconded the motion to amend the appropriating resolution for the School District.

Alderman O'Neil asked is this the appropriate time...there was a request to have schools...there was the one request to have the schools come in and appear before the Board.

Alderman Guinta stated you had mentioned fund balance...what's the anticipated fund balance...are you talking about the '05 fund balance or the '06 fund balance.

Mayor Baines replied '05. I've urged the School District not to spend that money, to bring over a fund balance...it's in the range of...

Alderman Guinta asked does that still exist that fund balance? Is it dedicated to anything for spending?

Mr. William Sanders, Chief Financial Officer of the Manchester School District, stated we had our Finance Committee meeting last night. We reported to the Finance Committee that as of the close of business in April the School District had a combined revenue and expenditure surplus of about \$1.6 million as of that point. There were three proposed transactions that we offered to the Finance Committee as well...purchase of a parcel of real estate in the City, the acquisition of a computer system, and certain costs related to moving the administrative offices... those costs overall would use about \$590,000 of that surplus. So, the surplus as of the end of April assuming the Board of School Committee approves these three new transactions that I just mentioned our surplus would be a little bit over a million dollars as of the end of April...with two months left.

Alderman Guinta stated okay the Finance Committee approved all three and you said the total was about \$500,000.

Mr. Sanders replied about \$590,000.

Alderman Guinta stated so that would leave the \$1.050 million.

Mr. Sanders stated not exactly but it's roughly a million.

Alderman Guinta asked when would the full School Board vote on that?

Mr. Sanders stated on the three transactions, next Monday night (May 9<sup>th</sup>).

Alderman DeVries stated maybe the School District could explain for the viewers at home...you currently have established reserve accounts to help some of the highs and the lows within a budget year. Have you been able to fund those?

Mr. Sanders replied we established five expendable trusts a year ago for health insurance, special education, repair and maintenance, capital projects, and our athletics. We made an initial contribution of in total \$175,000 last year to spread across those five trust funds. In the way in which the trust funds have been established and approved by the Aldermen we will not know if we can contribute anything until the audit is completed for the year closing June 30. I think we might be able to put some money away in a couple of the funds but the health insurance definitely we will not be able to...a couple of the others might get some money, I don't know the amount of that yet though.

Alderman DeVries stated in your mind you have funded those reserves specifically for health insurance which was one of the ones that you're really at risk at for having unexpected expenses as well as special ed as the Mayor



mentioned. How close are you to the level you would like to have that before you put extra money into your or you don't have to put extra money into the budget.

Mr. Sanders stated right now in the health insurance fund we have about \$75,000 that we put in last year...I'm sorry, it's about \$50,000 we put in last year.

Alderman DeVries asked what's your target?

Mr. Sanders replied our target, I think, was 25% of what our annual expenditure for health insurance is...our annual expenditure for health insurance this year will be about \$12.8 million. So, \$50,000 is a long way away from \$3 million. And, we probably aren't going to have a surplus in the health insurance line item to put any money into that account at the end of this year.

Alderman DeVries stated so you put \$50,000 toward what should be \$3 million and the other one you said you put nothing into yet.

Mr. Sanders stated in special education a year ago we put in \$50,000.

Alderman DeVries asked that should be at what level to make you feel comfortable that you don't have to pad your budget for these highs and lows?

Mr. Sanders replied we're spending about \$6 million a year on out-of-district tuition in the School District and we're spending about \$2 million on special education transportation, so that's approximately \$8 million that we're spending for special education matters...we'd like to get that number once again to 25% of that or about \$2 million at some point.

Alderman DeVries stated so in the meantime since the reserve accounts are not there sufficiently funded to help you offset some of these highs and lows if we cut you below a bare bones level and I know that's always a point of discussion between the Boards because it's hard for us to know, but if we do cut your number too low are we forcing you into deficit spending or what other mechanisms do you have in place to overcome that?

Mr. Sanders replied we'd obviously look at our most significant expenditures and the most significant expenditure at the School District is the salary line and the proposed budget by the Board of School Committee comprehended that we would add approximately 38.5 new positions in the coming year. I would expect that if the budget is trimmed substantially below what we're talking about that would be the first area that we would look at. There's also enhanced maintenance spending that we were hoping to spend with the new design/build space that's been added

on. We'd take a closer look at our textbook supply spending, some of the standard areas. Between salaries and benefits that at the School District is about 80% of our budget, so it's very people intensive.

Alderman DeVries stated one final question...because I think the point is unlike the City you don't have other places to turn to in a tough year and that's probably the big difference between our two budgets is that we have had long-standing reserve accounts, rainy day funds for shortfalls of revenues...things to help us overcome unanticipated expenses...they don't exist yet at the schools.

Mayor Baines stated that is why they manage their budgets as closely as they do.

Alderman Shea stated I want to begin by complimenting Bill Sanders' outstanding work...no question and his assistant...outstanding since you've been on board...things have gone from whatever to excellent. So, I comment you for that. I want to also commend the Board for finally agreeing to appropriate money in order for the kids at Hallsville School to have a decent playground as well as a paved playground. The City would have saved a lot of money because Harold Murphy 25 years ago suggested that we take that house for \$25,000 and make it into a playground area. So, if Harold's listening he knows what I mean. Now, a couple of concerns that I have and I'm probably going to get off the subject of the money but my concern is that when you folks advertise for vacancies you advertise for guidance counselors or general specialist in library but my concern is and it's raised repeatedly at your Board level is that there are kids in schools, classrooms...several kids in the room...an English teacher at Memorial has 25, 30, 35 kids in English class and I know we don't have control over that but I implore you if you have the budget that we're giving to put teachers in classrooms rather than putting guidance counselors because the State recommends that you have "X" number of guidance counselors certainly they would recommend that you have "X" number of teachers per student. So, I can't stress that enough that's my main focus in that regard. The second concern that I have is that although I don't agree with Alderman Gatsas to go to \$141 million I don't agree with the Mayor to go to \$142.2 million...I'm kind of in the middle here and people have to kind of convince me of the necessity for that extra \$500,000 or \$600,000 because in discussing building maintenance and I think I talked to you today about it...the CPI in the year '05 budget you had about a 3% CPI. You have now included in the '06 budget a CPI of approximately 5%. Could you explain why the difference between the '05 CPI and the '06 CPI.

Mr. Sanders stated I think it's 4%.

Alderman Shea asked is it 4% or 3.5%?

Mr. Sanders replied I think we have 4% and I'll explain where we came up with the number. There's a contractual language in the contract with Aramark that provides a ceiling on the CPI by which they can increase their maintenance contract year-over-year so each July there's a CPI adjustment to the prior year contract. I believe we were assuming it would be about a 4% change.

Dr. Michael Ludwell, School Superintendent stated the rest I think the age of overcrowding at the high schools, the other staffing positions that we would have to address are positions mandated through OCR (Office of Civil Rights), through IDEIA, the special education and the English language learner positions. It would be a combination of the positions that we're forced or mandated to fill plus addressing the most critical overcrowding at the high schools.

Mayor Baines stated would you allow me to clarify that just a little bit. One of the issues that we're trying to address is the high school issue and the tuition agreements but notwithstanding tuition agreements we don't want classes over 30 at the high school level. So, we're going to attempt with this budget to address those lingering issues. I think more pronounced that Memorial right now I think than any other school because of the rapid enrollment down there and we're going to make an effort through this next budget to get all those classes down to that 30 number that's not only in compliance with the tuition contracts and we don't want to be in violation of it going forward but secondly doing the right thing and getting those class sizes down to a manageable level.

Alderman Smith stated I've been to the Beech Street School many times and it looks like a barracks outside...the portables...I know you did an elementary study, is it completed this year?

Mr. Sanders replied yes we completed a study by NESDAC which is the New England school group that did the study for us and currently our Building and Sites Committee and the Curriculum and Finance Committees are evaluating an elementary school project and hopefully in the next 12 months we'll be working...the Mayor and Aldermen and at the School level to make a final decision on an elementary school and I think probably the inner-city area, the Beech Street/Wilson School area is certainly an area of high need. There are others as well but certainly that is a high priority.

Mayor Baines interjected, Aldermen, just so you know we do have a working committee within City government that's involving School District personnel, Planning Department, Finance, myself and School District and others currently, with what's going on in the School District to look at the emerging needs in the elementary population as well.

Alderman Lopez stated this is always a subject because of the percentage of the budget and for a number of years I agree that we have been very generous in establishing a budget...bottom line...for the School District. At the same time, actually I remember when the deficit was there and the courts and everything else and they managed to budget in order to pay off that debt. But, I guess, Dr. Ludwell, one of the questions that seems to always come back to me and a number of people...it's a fair question...is can you maybe enlighten us and the public as to the success...how do you measure success of the School District and what we've been able to accomplish as partners?

Superintendent Ludwell replied I think first of all the success of a school district is really only measured by the success of the students attending that school district and graduating from that school district. To make those students successful I think we have to provide an infrastructure within the system that encourages success on the part of students. I would like to read just a few of the items of what we're doing as far as the school system is to set up an environment that nurtures success on the part of the student. In the last few years, we have increased our professional development for teachers, we've included an expanded mentor program for teachers, we've established a fixed cycle for curriculum review and textbook adoption and thus far we've reviewed and adopted health, physical education, social studies and we're continuing to process. We've developed special education in-district programs to reduce the out-of-district placements and of course there's a cost reduction attached to that also. We've improved our ELL (English Language Learner services). We are now in full compliance this year...we are now in full compliance with the Office of Civil Rights and their mandates relative to the Manchester School District. There are now credit opportunities at the high school level for these students. There are additional educational programs for at risk students. These include the Ombudsman Program for high school students, the Read 180 Program for elementary and middle school students, the Ready for Success Program for primary students and Mappa which is a middle school project achievement. All of these programs are meant to improve the success of our at risk students. We are beginning to experience reduction in the dropout rate which of course means we're going to experience an increase in the graduation rate. Two years ago we implemented a library automation system K-12, we've increased our AP (Advanced Placement classes) and our college credit course offerings for the high school students. This year we implemented the 21<sup>st</sup> Century Program which is an academics based after school program across the district and I think also very important that over the last couple of years...three years we've been able to add 13 additional full-day kindergarten for the district. I think once we have an infrastructure similar to covering the kinds of areas I've mentioned that will help to breed and it is helping to breed success on the part of

the students but again I'd like to express that we're fully aware that you cannot have a successful school district if you don't have successful students and that's how we gauge it.

Alderman Lopez stated I thank you very much. I think another thing that's going to come in the days ahead...but first I'd like to ask Tom Clark this question because I'm told, Attorney Clark, that the Board of Mayor and Aldermen on the subject of running the school...moves or leases...that we have no authority, is that correct? They're going to lease a building as their administration building that we have no authority...that they can do that, is that correct?

City Solicitor Clark replied as I understand it that's correct.

Alderman Lopez stated I was wondering, Mr. Sanders, if you could...because it's going to be a topic of discussion...it's already been a topic of discussion and I just want to make sure that I'm listening to people and understanding but I'd rather have you explain just briefly as to why you think along with the Superintendent that this is a cost savings factor.

Mr. Sanders stated I'd be glad to. I wasn't totally prepared to talk about that, so I don't have any information in front of me but I'll try to recall it as best I can. In our budget, the Board of School Committee approved the budget for 2006. We anticipated spending approximately \$300,000 to remain in the Bridge Street building as we have discussed within the School District and at our committee meetings and I think very publicly there are a number of life safety issues... deferred maintenance projects, asbestos issues associated with the Bridge Street building that are in dire need of being addressed if we are going to continue to have employees actively working in that building. I do not have a cost estimate as I am sitting here today saying what the costs would be required to bring that building completely up to code. I've had conversations with Mr. Clougherty on the City facilities side and I think it's...I'm confident of making a conservative estimate that he's generally concurred with that it would be on the conservative side between \$750,000 and \$1 million to repair the roof, remove the asbestos, address the fire alarm emergency lighting system, bring the heating and ventilation system up to code, bring the electrical system up to code...that's probably a conservative estimate of what's required. Even if the School District and the taxpayers of Manchester spent all of that money on that building the building it still a 13,800 square foot building on four floors trying to house approximately 65 people. It was constructed in 1870, it's a beautiful building but it's highest and best use is not as an administration building for a school district. The School District can be much more efficient and cost effective. Just going to Commercial Street we will probably spend next year approximately a little over \$200,000 down

there so we would have direct cost savings next year and moving to Commercial Street would avoid all the costs of fixing up Bridge Street...we're looking to sign a very short-term lease on Commercial Street, we have a 5-year lease but we have the ability to get out after three years or four years, it's only our short-term plan. Our long-term plan is really to go back to something that Alderman Smith said is if we construct an elementary school somewhere in the City we would like to put an administrative wing on that building to house us and there is State Building Aid available to help us pay for that. We think the administration believes very strongly that the most cost effective route for the School District as well as the taxpayers of Manchester is to exit the Bridge Street building, move to Commercial Street and begin to work the transaction where the Bridge Street building could be returned to the City of Manchester and you could achieve its highest and best use. The City Assessor I think has put a value of about \$1.2 to \$2.2 million on that building in its current condition. Last night at the Finance Committee I showed a schedule that if you just took the midpoint \$1.7 million and said that was the value, if you added the \$800,000 of cost avoidance that we would not get into if we don't repair the building and then think about the fact that if this became a tax paying property at some point it would be paying property taxes and defraying costs...just conservatively I put about \$200,000 there so all in all that would generate about \$2.7 million for the taxpayers...now deduct from that our rent over five years even though we don't need to stay there at Commercial Street for five years that rent would be about \$1.2 million and fit up would be about \$200,000. So, the net gain or value created for the Manchester taxpayer would be somewhere in the vicinity of \$1.3 to \$1.5 million.

Mayor Baines stated I asked our Finance Officer and Deputy to look at Mr. Sanders' financial analysis of it and they basically concur with his analysis in terms of the cost effectiveness of this as well.

Alderman Shea stated I don't mean to steal the Superintendent's thunder but one of the programs that I am very pleased that the School District has now incorporated is the Talented and Gifted Program and I don't know if you made mention of that but you're to be commended and the two people involved are super people...they are on the ball...I've attended a few meetings and they are world class people and they are very, very talented. One of the questions, your Honor, that I have and I guess nobody knows this but I hope it's not a bird in the hand and two in the bush...has to do with the state revenue. I know last year when we approved the budget obviously we found out later that we didn't receive the funding from the state revenue that we expected to receive and I realize that the dynamics there are slightly different. Obviously, the people that are on the board have more insights and information than we have but I just wondered how much...I know how much you've included in your budget and I'm obviously quite

concerned that we do receive that amount hopefully. I'm not sure exactly what the State Senate will do...there's a lot of discussion there, but hopefully we will receive the amount that is projected to be received the \$44.665 [million].

Mayor Baines stated I think you need to be commended as well, Alderman Shea, because you have been very tenacious around that Gifted and Talented issue and you need to take some credit for moving in that direction. The other thing we talked a little bit about is the amount of money that's been invested in textbooks over the past four or five years which is really unprecedented. We've had some years where we've been spending a million dollars a year in textbooks to try to make up for years and years and years of deficiencies in that area and we're really starting to finally see the end of the road in terms of making up for these old textbooks that are out there. We haven't accomplished it yet because just to replace one series with US History was what, what was the number, do you recall the number? Six hundred thousand dollars just to replace the US History series alone, so you realize what a challenge that is. So, that's another thing that you should be very proud of as well on the school side.

Alderman DeVries stated first of all I'd just like to note that I think this is the closest I've ever seen the numbers between the Ward 2 Alderman and the Mayor's budget...I think that tells us that we're awfully close because that's a \$1.2 million spread that we're awfully close to a number here. All of that being said Alderman Shea started a discussion that things are very much in a state of flux with the State Education funding. Once again, many things could happen though we hope they do not...no matter what number we settle in on would certainly not want anybody to think that we're settling in on that number in totality tonight. We are going to be making this appropriating resolution, it's going to hold over and we're going to have more discussion as we are with many of the resolutions that we have already talked about and will yet talk about tonight. That being said, I would like to make the motion...

Mayor Baines interjected there's already a motion on the floor to amend the School District appropriating Resolution down to...what's the figure again?

Alderman Gatsas asked is there anyway that I can talk to my motion because I don't think I've had that opportunity.

Mayor Baines stated I'll come back to you. All I said was there's a motion...she's making another motion and I said there's already one on the floor and I was asking for clarification.

Deputy City Clerk Johnson stated the motion on the floor is to amend the resolution to \$141 million.

Mayor Baines stated I thought we were going to end this on a good note that we're both agreeing.

Alderman Gatsas stated I agree, I'm glad to see you're agreeing with me finally. It takes a couple of years sometimes. Your Honor, again and certainly the education funding issue at the State looms large and the number that's in here by the School District and that you used in your budget is a number that talks about appropriating \$508 million at the State level which I can tell you I don't believe is going to happen with the budget constraints that we have, so with all due respect going forward I haven't touched that number, I haven't talked about that number because I don't think we should be moving forward on the School budget as I told my colleagues last year...if we had waited 24 hours we might have been in a different position to move budgets along. But, I guess speaking to my motion I haven't heard an outcry from the District coming back to the Mayor's number because last year the District came back and said wait a minute if we do the Mayor's number this is what has to happen...we're reducing the 29 positions to 9 positions, we're doing a variety of other things. Now, I haven't seen anything that's come forward to me and I don't know, your Honor, if they've come back to you and said if we go to your number that we're not going to hire 38.5 people we're only going to hire 27. So, I've not heard that outcry so if I haven't heard the outcry that's what I'm basing my analysis on. So, I'm going to go back and only ask you the questions because we had great discussion about your budget last year. Again, I try to present to my colleagues going back to a zero base...so, I'm not going to take you there because obviously I couldn't get them to buy into it because, Mr. Sanders, you took a couple of my colleagues and you at least showed them that you needed more money so that this year you're giving it back to us. So, you did a good job. So, let's try and get back on track for what's right for the taxpayers this year. Now, what I did was I basically took the white sheet that you were so kind to give to us and the sheet that you gave us from last year so that I could just do a little bit of a comparison basis because I took your 29 positions that you had for salaries only last year and we had a great discussion about that because the average salary was somewhere around \$34,500 and you said to me that's higher than the starting salary because I know that Committeeman Donovan said that the starting positions are a lot lower our average in this community is a lot less than what they are on the state average. However, when we apply that number I said fine let's use the higher number because your average may be different when you're hiring that science teacher because you need them. So, I went back and I used that number. Now, I come back to your figures this year and you tell me you're going to hire 38.5 people and that salary average is \$41,000.



So, I don't know if we're giving out \$7,000 raises in the course of a year but I hardly think so if you're turning back surpluses. So, I'm going to take you back to the \$34,500 number and that's how I'm building back my number to take a look at where I'm at with this \$1.2 million that I didn't just artificially pull from the air. So, if I take your 38.5 positions that you're telling me that you need and I give you your number of \$34,500 based on that number that's a savings of about \$268,000 in that line item. It goes from \$1.596 to \$1.33 so it's about \$268,000 in that line. If we then take that number of the \$34,500...and last year we didn't talk about it but you didn't need a full 12 months because you're recovering it and I appreciate your showing it to me this year because this year you show me that the 4-year impact on the positions of 19.5 you're recovering \$175,000 to do that. So, I appreciate that because when I go back and take your 38.5 positions and take your \$35,000 times 12 divided by 10 gives me a savings of another \$266,000, okay. So, at this point we're somewhere around \$525,000. I then go back to your criteria that you showed me from this year of your savings from salary differential from 2005 hires and retirements and for that number of your new hires...maybe you can tell me because I remember we had a conversation one night in the back room...how many new teachers did you hire last year?

Mr. Sanders replied for this year I'm going to give you three numbers just to be clear because there's been some confusion, I think, in places. We created 19.5 new positions this year. We had 45 retirements a year ago so we had to go out and hire 45 teachers for those retirements. We also had approximately 50 resignations...just typically teachers moving on doing other things and we replaced those teachers. So, total teachers in the district is something over 100 but the new positions created was about 19.5.

Alderman Gatsas so if we go back and take those 100 new positions because the 50 that retired...

Mr. Sanders interjected it wasn't 100 new positions. It was 100 new teachers that were hired.

Alderman Gatsas stated I apologize and I don't...I'm just trying to look at these numbers and you're trying to make it correct and I appreciate that. So, the 95 new hires to replace the 95 people that left (retirees and resignations) would you say to me that in those 95 positions that on a percentage because you're showing me that there was a difference in hiring rate versus termination rate.

Mr. Sanders stated on retirement's yes.

Alderman Gatsas asked okay how about the resignees?

Mr. Sanders replied that's less the case because most of the resigning teachers are early in their careers.

Alderman Gatsas stated so if we take your number of \$663,000 that you gain from the retirements and the new hires and I can only base that on a figure of 19.5 for the new hires because you can't replace them the other way...

Mr. Sanders interjected I don't mean to interrupt you, Alderman, but there's a couple of piece of information that I just want to get clarified.

Alderman Gatsas stated maybe you'll give me a bigger number that I can use and that's good.

Mr. Sanders stated that would be great. First off, the 63 figure that you're seeing on this chart is our anticipated retirements this year and the new hires next year, not people that retired last year that we replaced this year, I wouldn't want you to get confused about that. So, that 663 is our budget plan for what we'll save next year from teachers that will retire this June 30 and we'll hire next year that was just one point that I wanted to clarify. The second thing...I want to go back to the 38.5 positions I wasn't sure how long you were going to go through the arithmetic but I wanted to clarify a couple of things for you. The \$34,500 that we talked about last year was the average salary for a teacher. This year in our 38.5 positions I just want to walk through a couple of things with you. First off, we have five new principals. The salary range on principals depending upon their degrees and the schools they're at range between \$70,000 and \$82,000 per teacher...so that 34.5 from a year ago would not be applicable...

Alderman Gatsas asked how many?

Mr. Sanders replied five (5). We have 21 new hires (teachers) that we'll be hiring off the streets, so to speak. We have five (5) transfers where we would be transferring people coming out of federal funds that we need to bring into the general fund they can no longer be paid under federal funds so they'd be coming across at salaries...these are more seasoned teachers and will be in the \$40,000 to \$55,000 range. We have 2.5 administrators that we were looking to add and the price range on those would be between \$40,000 and \$50,000 and then there is some support staff and some athletics (groundskeepers) that we were planning to hire. The point I wanted to make is that the 34.5 was a teacher estimate and you need to weight that estimate for these higher paid positions and that's why when you alluded to our \$7,000 raise a little bit earlier in that \$41,000 or whatever average you calculated that's what's happening there. The mix of individuals we're looking at is just not teachers.

Alderman Gatsas stated so the five (5) principals that you're talking about...what scale are they at, what scale would the new principals be starting at?

Mr. Sanders replied all of our principals...it depends...and I don't have their pay spread right in front of me at the moment but the payment for principals is much different than teachers. If you're a high school principal you have one salary, if you have a Bachelor's degree and another salary if you have a Master's degree...there's not any of this notion of steps, so to speak on the principal side. So, the five (5) principals range between \$70,000 and \$82,000 for a cost of approximately \$380,000 for the principals.

Alderman Gatsas stated so what you're saying is the differential in salary from 2005 new hires is not going to be \$663,000 it could be more?

Mr. Sanders replied \$663,000 is our budget estimate.

Alderman Gatsas stated you didn't have that in there for last year's budget. For some reason you're showing it to us this year. When I told my colleagues that there was a differential...if you remember that chart...for some reason it wasn't agreed upon at that time that there was a differential new hires when I said that there was, but now you're showing it to us this year. I think I have the mylar that we put up there.

Mr. Sanders stated thought it was a great idea you had last year so I thought I would lay it out in the chart this year.

Alderman Gatsas stated with great passion I watch the School Board meetings but I don't remember hearing in conversation the last three when you folks were talking about budgets, about five (5) transfers from federal funds to local taxpayers dollars.

Mr. Sanders stated it was discussed in all of our budget work sessions and at the Finance Committee meetings.

Alderman Gatsas stated okay. So, when we take a look at the numbers...the \$663,000 that you're proposing that's here today I guess I'm asking you if that's the case and you did without that last year then you should be able to do without it this year in your budget.

Mr. Sanders stated we had it in our budget last year. We had a savings numbers incorporated into our budget last year as well.

Mayor Baines stated what he said, Alderman, just so I can clarify it. He said it orally he didn't have it on the chart.

Alderman Gatsas stated but I can only go by what he showed us last year.

Mayor Baines stated he already said he did talk about that number.

Alderman Gatsas stated if you go back to your COLA's and you take a look at where you've been historically on your salaries right now you're showing a projection for your salaries being less than what they are budgeted for but you've always been about 2% less than the budgeted amount. So, I'm looking at this number saying if I took the \$70 million and discounted it by 2% I'm going to be somewhere around 68...

Mayor Baines interjected, Aldermen, if you leave we will have to stop the meeting because we will not have a quorum, so that's your choice you could do that. We have to keep our quorum.

Mayor Baines recessed the meeting for approximately two minutes.

Mayor Baines called the meeting back to order.

Alderman Lopez stated I just have a question. May I ask a question of the Chair? I would like to ask a question as to whether or not it's permissible to put a time limit on this discussion.

Mayor Baines replied I think the Alderman will be reasonable if he could bring it to conclusion with some of these issues.

Alderman Gatsas stated I think that's a great question by Alderman Lopez but when we're talking about \$141 million we shouldn't limit the conversation.

Mayor Baines stated he didn't say that. Please proceed.

Alderman Gatsas stated thank you, your Honor. I took the same from the retirement...how many retirees do you expect this year?

Mr. Sanders replied our budget has assumed 40 retirements on June 30.

Alderman Gatsas stated last year you showed us 35 and it went to 45.

Mr. Sanders stated we were at 45 last year that's correct.

Alderman Gatsas stated we talked about it in the budget that it was 35, I believe.

Mr. Sanders stated I would defer to your recollection.

Alderman Gatsas stated chances are if we're one year away from that catastrophic situation that we all don't want to face in the City of Manchester because I've been talking about it for four years about having 400 teachers retire and where are we going to find the replacements we're getting closer to that D-day and I've been talking about it now for three years to find some resolution to it because we can do whatever we want in budget...I don't know where you're going to find 400 teachers. So, maybe somebody...maybe that's not a topic for conversation today but it's there, it's the 900 pound gorilla that's going to really affect this City in an adverse position.

Mayor Baines interjected the entire nation.

Alderman Gatsas stated, your Honor, I agree with what you're saying but we as a City had better start taking a very hard look at where we're going because I don't know what we're going to do with education in this City losing 400 teachers.

Mayor Baines stated the only thing is they have been trying to deal with the salary schedule to try to deal with that, it's not that they're just sitting around on this issue. Please proceed.

Alderman Gatsas stated so if we assume that same 45 retirees that you had last year because I think your number is probably going to grow from there and we take that differential between 2005 retirement and sick pays from 2004 is about a \$57,000 savings, is that correct? If you look at the retirements and the composition of salaries you're showing me that savings from 2004 retirements is a savings of \$1.3 million. The cost for the 45 retirees that you have is \$1.2 million, is that correct the cost for the payouts?

Mr. Sanders replied the \$1.307 million is for the 45 individuals that retired last year, we pay them in subsequent years and the \$1.250 million is our estimate of 45 retirements for the people that retire this year we'll pay them July 1, 2005. So, they will be paid out of the 2006 budget for sick days and time and supplement.

Alderman Gatsas asked why would you do that? So were earnings that were earned in this fiscal year.

Mr. Sanders replied that's been our contractual obligation to these individuals and that's been our budget practice for many, many years. You retire and in the subsequent year we make the sick day payments, etc...we've done that for many years.

Alderman Gatsas stated but you could make it in this current year.

Mr. Sanders stated I think our contractual obligation is to make it in July following...they retire effective 30<sup>th</sup> of June and then we took the payment after the retirement which is on July 1<sup>st</sup>.

Alderman Gatsas stated so you think the retirees would send their checks back if they got it June 30<sup>th</sup>.

Mr. Sanders stated I don't know.

Mayor Baines stated it's a contractual obligation, that's the bottom line.

Alderman Gatsas stated but the contract says you have to give it to them by July 1<sup>st</sup>. It doesn't say that you can't give it to them June 30<sup>th</sup>.

Mayor Baines interjected please continue.

Alderman Gatsas stated so if we keep that in mind because that \$600,000 that I'm going to get to very quickly...those are numbers that you can send out in an earlier timeframe if you want to do it. So, if we go back and if I agree with you, Mr. Sanders, that the \$34,500 number is only for 21 people...

Mr. Sanders stated but I add one more point on the \$34,500. Obviously, that was a year ago...our current Bachelor's step 5 which is our guide is about \$36,000, so there's a slight change.

Alderman Gatsas asked how many people of the 19 new hires that you hired last year were at that step 6.

Mr. Sanders replied I don't know that this evening I'm sorry.

Alderman Gatsas stated well then I guess I'm going to use my \$34,500 number. So, if we take that and I'm going to say to you it's \$34,500 for the 21 teachers because you did correct me and said we did have 38...five were principals, 21 were teachers...that's \$147,000 and not the \$268,000 that I used because I thought they were all teachers and I don't know what the 2.5 counselors are going to save

you and I don't know what the principals are going to save you because I know they start at a level but I don't know if the ones that are being replaced are at a higher level there could be some differential in savings there...I don't know what it is but we'll let you accrue it. If we take that \$147,000 and we take that number and again because the principals get paid at a different...I don't know if they're on a 12-month...are they on a 12-month or do they start in September or how are they...

Mayor Baines replied 12-months.

Alderman Gatsas stated so we're going to go back and say that those 21 teachers again are only 10 months and that's about \$266,000 because they don't start until September and you showed me on here that you're accruing \$175,000 for this year for those people that were hired last year, so I would have never picked up on it unless you showed it to me.

Mayor Baines stated but they're paid on 12 months.

Alderman Gatsas stated no they're not, not the new hires.

Mr. Sanders stated not until September 1<sup>st</sup> and in some cases it's not the 10-month issue...we don't fill our positions sometimes until well into the school year. Some of those 19.5 positions were not even approved by the School Board until January or February so part of that's part of that \$175,000 is the issue that we're hiring people throughout the year.

Alderman Gatsas asked what would you say of your million fifty because I think you were probably at a million two or a million three a couple of weeks ago you said that the reserve or the...how much of that million fifty is revenues because Mr. Sherman corrected me and said you can't spend additional revenues.

Mr. Sanders replied about \$275,000 is our revenue surplus right now.

Alderman Gatsas stated so \$275,000 is your revenue surplus and if we go back... what would you say is your differential savings from salary differential on 2005 retirees to new hires?

Mr. Sanders replied I would expect on average that's about \$16,000 per person is what we plan on.

Alderman Gatsas stated so that's an additional \$336,000. So, if we take your \$275,000 that you have in additional revenues, \$336,000 is \$611,000...the \$147,000 for the 21 new teachers at \$34,500, the \$57,000 in differential between the sick days that is \$1.3 million and \$1.250 million is about a \$57,000 difference in there and \$266,000 for the 10 months brings us right around to \$1.2 million. So, I just wanted to substantiate that with my colleagues on where I was coming from that I just didn't arbitrarily pull a number from thin air and I think that again that's \$1.2 million here, \$1 million on transportation that I propose was \$1.3 million. I think that when we get into the budget of the City side if we can find another \$1.2 million in either some of that funding that we talked about in the \$3 million account that we give some of it back to the taxpayers and certainly start a fund...I wholeheartedly agree with the Mayor, I think that maybe some more of that money should go to motorized equipment...I think that if we find \$2.5 million we're going to reduce that tax increase from 3.75% to something less than 2%. I think that that's where everybody on this Board is looking to get and somehow we can get there and again I think that I commend you for the job you've done, there's no question but I think again when we start giving the School District funds that they're going to return to us like \$700,000 this year from some \$2 million last year that's an impact on the taxpayer and certainly if it's revenue it's not an impact. But...\$2 million...I don't know how much of that was revenue from last year and how much of it was your good work at reducing costs, but I think that it's important to the taxpayer to get some sort of a little bit of a nudge that says thank you, you've helped us...we've spent \$105 million in school renovations, we've gone since 2000 from \$101 million budget in schools to somewhere around \$140 million budget in schools, I think that's a commendable number, that's a 40% increase no matter how you look at it. I think our department heads would love to see a 40% increase in their numbers going forward from 200 to 2006. I don't think that that's possible, they understood that. When you were out of here on a budget that we presented last year...City departments took a two percent (2%) hit to make up that difference because we had a pretty tough time absorbing that \$3.5 million that we lost at the State level. So, again, I commend you for the work you're doing. I thank you for bringing the transparency to the budget, by taking some of the ideas that I gave you last year and I appreciate that because maybe my colleagues this year can appreciate the numbers we talked about last year. Thank you.

Mayor Baines stated I am going to call for a vote on this amendment now. Just the amendment.

Alderman Guinta stated, your Honor, I haven't had a chance to speak.

Mayor Baines stated, Alderman Shea, go ahead.



Alderman Shea stated just a comment. Would Alderman Gatsas please break down all of those expenses down for the benefit of the Board so that then we could discuss all of these things...we could have it in writing because I tried to take certain notes and it was difficult.

Alderman Gatsas stated, Mr. Chairman, I have no problem doing that for you. I'll do it as explicitly as I did last year and I hope you would trust my numbers this year.

Alderman Guinta stated your number \$142.2 million...does it include the \$1.6 million fund balance or the \$1 million fund balance?

Mayor Baines replied the \$1.5 million fund balance. Randy, am I correct on that?

Mr. Sherman replied \$1.050.

Alderman Guinta asked when you came up with your number how did you know that the School Board was going to come in with a \$1.050 fund balance when they just addressed this in Finance last night?

Mayor Baines replied we estimated it in meetings with school staff. We do our own analysis.

Alderman Guinta stated but they just said it was \$1.6...you did your budget ix or eight weeks ago and you hit the number on the head six or eight weeks ago but up until...how did you do that?

Mayor Baines replied just the way I told you.

Alderman Guinta asked did you know the number ahead of time?

Mayor Baines replied we estimated a number, we met with staff and looked at numbers that we felt were achievable, we estimate.

Alderman Guinta stated so you didn't know that they were going to do the real estate, the moving or the computer system.

Mayor Baines replied we felt at that time that we could not budget for the computer system unless they looked at trends moving forward that the picture on surplus changed.

Alderman Guinta stated also, Superintendent, the answers that you gave to Alderman Lopez regarding his question...could we all get copies of that?

Dr. Ludwell replied certainly.

Alderman Guinta stated included in that answer was there anything about the refugee...whatever we're doing to address the refugee issues and how the impact of the refugee issues on the school side, was that in that list.

Dr. Ludwell replied I didn't go into many specifics because...

Alderman Guinta asked what was the specific program in the list?

Dr. Ludwell replied we have an improved ELL (English Language Learner), we've improved the services, we're now in full compliance with the Office of Civil Rights and there are not credit opportunities at the high school level for these students.

Alderman Guinta asked what about the Early Reading First grant is that included in there?

Dr. Ludwell replied it includes it as far as in our efforts to meet full compliance with the Office of Civil Rights and I can detail some of the things that includes.

Alderman Guinta asked has administration asked Congressman Bradley's office for that letter of support yet?

Dr. Ludwell replied I believe they did.

Alderman Guinta asked can we get a copy of that?

Dr. Ludwell replied if they did receive the letter yes of course.

Alderman Guinta stated, Mayor, you mentioned that we have not been in compliance with the contracts with respect to classroom size. How long have we not been in compliance?

Mayor Baines replied it's been something they've been addressing on a year-to-year basis since the tuition agreement was signed.

Alderman Guinta asked but how long have we not been in compliance?

Mayor Baines stated I can't answer that.

Dr. Ludwell stated I know that in certain instances we haven't been in compliance since this administration came on board. I will state that in order to be in compliance or to meet the obligations of the tuition agreement that the compliance is to meet the State Standards. At least for the last three years we inherited situations where we were not in compliance with State Standards and that's a minimum of 30 at the high school level except for science and areas that have stations and that's 24.

Alderman Guinta stated we're not in compliance currently I think you said at Memorial we're over the 30.

Dr. Ludwell stated at all three high schools but our biggest concern is Memorial.

Alderman Guinta stated the \$142 number would we be in compliance with the \$142 number that the Mayor requested.

Mayor Baines interjected that's our goal.

Dr. Ludwell replied I believe so. We'd be cutting it very short/tight but I believe every effort would be to get us in compliance.

Alderman Guinta asked we're we in compliance at the number that the School Board requested, the original number?

Dr. Ludwell replied yes we would have been there.

Mayor Baines stated plus other positions.

Dr. Ludwell stated yes that's correct, Sir.

Alderman Guinta stated but you don't think we'll be in compliance at the \$141 number.

Dr. Ludwell stated the highest priority will be to get us in compliance but again as I mentioned there are several different compliance issues. One is with the tuition agreement which is the State Standards...another is to maintain full compliance with the Office of Civil Rights. Another is to maintain compliance with IDEIA Special Education...so, those are going to be the biggest driving forces as far as which positions will we fill and recommend.

Mayor Baines stated there is also a general understanding that there would be a time period to get into compliance as well. So, we have the amended motion, Carol, would you put the amended motion back on the floor and call for a vote.

Deputy City Clerk Johnson stated the motion is to amend the School District appropriation resolution to \$141 million.

Mayor Baines called for a vote on the motion.

A roll call vote was taken on the motion to amend the resolution. Aldermen Gatsas and Garrity voted yea. Aldermen Guinta, Sysyn, Porter, O'Neil, Lopez, Shea, DeVries, Smith, Thibault, Forest, Roy voted nay. Alderman Osborne was absent. The motion failed.

Mayor Baines stated the original motion is back on the floor.

Deputy City Clerk Johnson interjected we don't have a motion on the floor.

Alderman Roy moved that the appropriating resolution ought to pass and layover. Alderman Forest duly seconded the motion.

Mayor Baines stated we've had enough discussion and I would like to move for a vote.

Alderman Porter stated just one quick one please. Hearing it in the narrative is one thing. What I would like to see and Alderman Gatsas' proposal may have merit, I would like to see something in writing.

Alderman Gatsas stated I'd like to comment. I think it's getting to be very clear, Alderman Porter, by this Board's motion that we could have laid the \$141 on the table and then amended it back to the Mayor's budget if you didn't trust my numbers. So, if you think I'm going to sit down and do the exercise to present it back again so that 12 people can go the other way.

Mayor Baines called for a vote on the motion. The motion carried with Aldermen Gatsas, Guinta and Garrity duly recorded in opposition.

Mayor Baines addressed item 8 of the agenda:

**8. Appropriating Resolution:**

“A Resolution appropriating to the Manchester School Food and Nutrition Services Program the sum of \$5,512,450 from School Food and Nutrition Services Revenues for Fiscal Year 2006.”

On motion of Alderman Thibault, duly seconded by Alderman Sysyn, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Alderman Smith moved that the appropriating resolution ought to pass and layover. Alderman Garrity duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines addressed item 9 of the agenda:

**9. Report of the Committee on Administration/Information Systems recommending that Gill Stadium be taken out of the Enterprise system in Fiscal Year 2006.**

Alderman Smith stated in regard to Gill Stadium my immediate concern was and is to serve the public mainly its youth. I've studied the Mayor's budget and fully understand the many problems he and we have as Aldermen trying to stabilize the tax rate. I personally do not approve of a user fee for Gill Stadium and probably only the have's and the have not's will be able to use this fine facility as it is today. I think we should go forward, work towards maintaining and keeping the stadium in the condition it is now. I want to thank the support of the CIP Committee and administration for their support, cooperation and friendship. As we await the completion of the Master Plan for Parks, Recreation and Cemeteries this fall the appointment of an active commission and the assurances from the Finance Department to manage any shortfalls of Parks and Recreation Department I do hereby make a recommendation to this Board that the next Board elected in January will place Gill Stadium as a top priority and move it finally out of the Enterprise system.

Alderman Shea duly seconded the motion. The motion carried with Aldermen Gatsas and Guinta duly recorded in opposition.

Mayor Baines addressed item 10 of the agenda:

**10. Appropriating Resolution:**

“A Resolution appropriating the sum of \$3,245,749 from Recreation User Charges to the Recreation Division for Fiscal Year 2006.”

On motion of Alderman Roy, duly seconded by Alderman DeVries, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Alderman Forest moved that the Appropriating Resolution ought to pass and layover. Alderman Sysyn duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines addressed item 11 of the agenda:

**11. Appropriating Resolution:**

“Raising Monies and Making Appropriations for the Fiscal Year 2006.”

On motion of alderman Thibault, duly seconded by Alderman Porter, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Deputy City Clerk Johnson stated there is a communication from the Finance Department that was distributed regarding health insurance.

Alderman Lopez moved that the Appropriating Resolution ought to pass and layover. Alderman DeVries duly seconded the motion.

Alderman Gatsas stated I would like to place an amendment. The amendment I would like to place, I believe that you show in your budget \$500,000 going to the account that we set up currently...how much did you...

Mayor Baines stated in my budget I recommended a certain amount, I didn't actually...that had to go through the set up of the account.

Alderman Gatsas stated I think you have an amount in here for motor vehicles.

Mayor Baines stated that's correct.

Alderman Gatsas stated a million dollars of that three, I believe.

Mayor Baines stated that's correct.

Alderman Gatsas stated so the other two would go into that I would assume.

Mayor Baines it's out there until the Board takes action.

Alderman Gatsas stated I will make the motion, your Honor, because there's \$3 million coming forward from the reduction of changing the status of how we...our fiscal year here at the City and that's a \$3 million number, reoccurring each year number. I agree with the Mayor that there should be something put in the account so that we look at long-term planning about vehicles, however, again I believe that we're in a position to give back to the taxpayers some of those dollars that they've paid for over the course of 20 years on \$3 million...I don't know what that amount would be on the tax rate when you've carried it forward for 20 years. So, I want to ask the Finance Department because it's not really important, but I think again, your Honor, when we talk about budgets and we talk about taxpayers there's no question that some of these dollars need to be returned to them and again I think that a million dollars going into that account, a million dollars going to the motor vehicle account to purchase new equipment is very essential. The other million, I believe, should be something that we go as an olive branch back to the taxpayer and we return it to the taxpayer at a million dollars. Your Honor, at that point we're going to being very close to a less than 2% budget if the accommodations of the \$141 were put in place along with that million and the hundred thousand... Alderman Shea is trying to word mouth me over there, I'm not good at reading lips...

Alderman Shea stated I might amend your number a little bit higher.

Alderman Gatsas stated again we have to see what the will of the Board is because we couldn't get them to move \$141 on a budget on the other side.

Alderman Shea stated you win some, you lose some.

Alderman Gatsas stated and some get rained out and some you don't get dressed for, Alderman. So, again, I think it's an appropriate situation, your Honor, when we start talking about \$2.6 million on Hands Across The Merrimack, our crime rate is going up because there's not enough police officers on the streets...again, when we start talking about over crowded classrooms and we talk about Hands Across The Merrimack there are priorities in this City, your Honor, and for some reason this Board doesn't want to face them head up. We have priorities that we

look at and there are wants and needs. Hands Across The Merrimack is not a need for this City, it may be a want but it's not a need. The need is to tell the Chief of Police to hire 10 new police officers to protect the citizens of this City. I think it's important, it's important that we talk about \$2.6 million...we wouldn't be talking about these cuts if we had those funds and could allocate them in different ways than we had for Hands Across The Merrimack and there are probably a number of other situations that we go forward in the course of the year that we don't think about the taxpayer until all of a sudden it's budget time and I think that's wrong, your Honor. We need to get more police officers on the streets to protect the citizens of this City. They do a great job now, they haven't hired a new officer in I don't know how many years. So, again, when we talk about Hands Across The Merrimack for \$2.6 million and there are house windows being shot out and car windows shot out I think that there's a problem here and there's overcrowding in the classrooms. So, again, let's take that million dollars, return it to the taxpayers as an olive branch to say thank you for the assistance that you gave us for the last 20 years on paying off that \$3 million. Thank you, your Honor.

Alderman O'Neil stated I think we had an earlier discussion about the MER and one of the conclusions was we have to send it to a public hearing. So, no matter what we do tonight we can't take any final action on it. So, I believe we should move this appropriation forward. After the public hearing we're going to have opportunities to do amendments...that might be the appropriate time otherwise we're going to be here till well into the morning.

Alderman Shea stated I'm not sure if we have to have a public hearing and again I've tried to get across before the fact that if we reduce that amount...the \$500,000 and allocate \$1 million for the needs and then use the other \$1.5 million for other situations all we would have to do in my opinion and I might be wrong is to just have a public hearing for the \$500,000 that we're going to keep.

Mayor Baines called for a vote on the motion.

A roll call vote was taken on the motion that the appropriating resolution ought to pass and layover. Aldermen Gatsas, Guinta, Shea and Garrity voted nay. Aldermen Sysyn, Porter, O'Neil, Lopez, DeVries, Smith, Thibault, Forest and Roy voted yea. Alderman Osborne was absent. The motion carried.

Alderman Gatsas stated I would like to make an amendment to the motion.

Mayor Baines stated the motion has already passed, it's over with.

Alderman Gatsas stated we can amend it. A ruling from the City Solicitor please.



City Solicitor Clark stated generally once the motion is passed it's done.

Mayor Baines stated it's done.

City Solicitor Clark stated you amend it prior to passing it.

Mayor Baines addressed item 12 of the agenda:

**12. Appropriating Resolution:**

“Approving the Community Improvement Program for 2006,  
Raising and Appropriating Monies Therefore, and Authorizing  
Implementation of Said Program.”

On motion of Alderman Thibault, duly seconded by Alderman DeVries, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Alderman O'Neil moved that the Appropriating Resolution ought to pass and layover. Alderman Forest duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines addressed item 13 of the agenda:

**13. Appropriating Resolution:**

“Appropriating all Incremental Meals and Rooms Tax Revenue  
Received by the City in Fiscal Year 2006 and held in the Civic  
Center Fund, for the payment of the City's Obligations in Said Fiscal  
Year Under the Financing Agreement.”

On motion of Alderman O'Neil, duly seconded by Alderman Porter, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Alderman Roy moved that the Appropriating Resolution ought to pass and layover. Alderman Sysyn duly seconded the motion

Alderman Shea asked, Randy, how much are we going to pay out of the Rooms and Meals for the civic center this year coming, do you know...ballpark.

Mr. Sherman replied for '06 probably close to \$3 million.

Alderman Gatsas asked how much are we receiving Randy?

Mr. Sherman replied the \$454,000 more than we pay in.

Alderman Gatsas asked does that revenue show up...whose department is that revenue showing in.

Mr. Sherman replied \$454,000 shows up under Finance as a revenue.

Alderman Gatsas asked how much was it last year?

Mr. Sherman replied my guess is it would have been about \$450,000 to \$500,000.

Mayor Baines called for a vote on the motion that the appropriation resolution ought to pass and layover. There being none opposed, the motion carried.

Mayor Baines addressed item 14 of the agenda:

**14. Appropriating Resolution:**

“A Resolution appropriating to the Manchester Aggregation Program the sum of \$834,682 from Aggregation Fees for the Fiscal Year 2006.”

On motion of Alderman O’Neil, duly seconded by Alderman Forest, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Alderman DeVries moved that the Appropriating Resolution ought to pass and layover. Alderman Thibault duly seconded the motion.

Alderman Gatsas stated, your Honor, in your words this is like a dead horse. It’s not only turning into compost but we really should throw the dirt on it and bury it once and for all and that we keep looking at this and we keep playing with it year-after-year from the time I was here my first year it was \$900,000...we’ve talked about Aggregation...Mr. Sherman was a great leader in this Aggregation charge now maybe if we’re anticipating electric rates to skyrocket maybe we want to get back into the Aggregation business, I don’t know.

Mayor Baines stated, Alderman, if you recall the Finance Officer recommended not retiring this this year that we're going to produce a study, we've asked the committee to look at it, meet with staff and come forward with recommendations so we can truly deal with this in the next budget cycle, that's his recommendation.

Mayor Baines called for a vote on the motion. The motion carried with Aldermen Gatsas, Guinta, Porter, Garrity and Forest duly recorded in opposition.

Mayor Baines stated you know if you're not...you're going to have to come up with \$800,000 to pay it which will go on the tax rate, so let's be realistic here too.

Mayor Baines addressed item 16 of the agenda out sequence:

**16. Appropriating Resolution:**

“A Resolution appropriating to the Central Business Service District the sum of \$225,000 from Central Business Service District Funds for Fiscal Year 2006.”

On motion of Alderman Garrity, duly seconded by Alderman DeVries, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Deputy City Clerk Johnson stated the Clerk has received information that it would be suggested to amend this resolution by adding \$5,500 on a line item restricted to Central Business Service District Advisory Board and Planning Director approval.

Alderman Lopez moved to amend the Appropriating Resolution by adding \$5,500 as outlined by the Clerk. Alderman Roy duly seconded the motion.

Alderman Porter asked how much tax revenue are we getting from the Central Business District?

Deputy City Clerk Johnson stated the amount of the resolution is to \$225,000, we have from the Board of Assessors the amounts that were received last year which was \$2,300 approximately more than what was expended for the district or appropriated which was the \$225,000 last year. There is also an estimate for the next year of funds added together would bring in about \$500 more than what we're suggesting with the amendment at the \$.64 cents.

Alderman Guinta asked what's the amendment for...that fund?

Deputy City Clerk Johnson replied because last year you had an over...the amendment is to put it in the Central Business Service District Advisory Board's hands to determine how to expend it...the assessment coming in from the District will yield that amount of money and they have requested to have it added.

Alderman Guinta stated okay so you couldn't get the assessment to \$225,000...the closest we could get it to was \$225,000 plus the \$5,500.

Deputy City Clerk Johnson stated it's based on not changing the \$.64 cents...you would have that amount of money available which is what we're trying to do.

Alderman Guinta asked who determines what happens with that additional \$5,500?

Deputy City Clerk Johnson replied the Central Business Service District Advisory Board would determine that because it's restricted to their approval and the Planning Director by ordinance.

Alderman Guinta asked why wouldn't Intown Manchester?

Deputy City Clerk Johnson replied that's a contractual arrangement. Intown could go to the Central Business Service District Advisory Board and request the money. We've already had that discussion with Intown as well and I believe she's here if you want to hear from her directly. Also, the law requires the CBSD to make recommendations so this would meet that criteria as well under the statutes.

Alderman Guinta stated okay I guess I have a concern with the fact that the business owners are not going to have a say in how that \$5,500 is spent.

Deputy City Clerk Johnson stated that is why it's...the Central Business Service District Advisory Board is the representatives from the downtown district of businesses and it's the two co-chairmen that we...the co-chairmen have recommended this as well, they've agreed to it.

Mayor Baines interjected that's a different group than the group we...

Alderman Guinta stated the Advisory Board is the Board that I think your Honor appoints correct.

Deputy City Clerk Johnson stated I can tell you that Peter Ramsey and Tim Bechert are the Co-Chairmen.

Alderman Guinta stated I know who's on it. But, just for clarification purposes that's different than the Intown Manchester Board.

Deputy City Clerk Johnson stated that's correct.

Mayor Baines stated that's the way it's set up.

Alderman Guinta stated I understand that's how it's set up but it is two different entities.

Alderman Gatsas asked is the Assessor here because I'm a little confused with all the activity that's happening downtown in the Central Business District how the evaluation hasn't gone up just from buildings that had to be renovated and that rate is not going up.

Mr. Steve Tellier, Chairman of the Board of Assessors, stated it has gone up, Alderman. We've made an estimate that if you tried to get exactly to \$225,000...I have a sheet that I've prepared and I'd like to share that. The Central Business District about \$364 million. Using the \$.64 cents would come up with the \$233,381 that you see before you minus the \$225,000 you have that \$3,300. Now, that might go up...the problem is and yes there is value increasing in the Central Business District...the issue is that regarding the ordinance you have to assign a dollar value, the \$.64 cents unlike the tax rate which you approve an appropriation. My understanding is with this statute you have to approve the rate, it's this body's authority to approve the rate. So, if you went to \$.62 cents and we can't round to a tenth of a cent...it could be \$.62 cents.

Alderman Gatsas stated Steve what I'm talking about is from last year's tax roll of \$354 million we've only gone to \$364 million...that's only an increase of \$10 million.

Mr. Tellier stated that's correct in just the Central Business District. The primary things that would have contributed to value in the Central Business District right now would be the land for...the difference between what we had the riverfront land assessed at \$1.6 million...that will increase to some degree, but it's still only vacant land for this year as of April 1<sup>st</sup>. The other thing would be Bridge and Elm. Conservatively, it might be \$10 million on Bridge and Elm at this early juncture, I really don't have a number right now. So, we're still talking...as far as when you're talking about three hundred something million dollars we're talking about a penny here or there.

Alderman Gatsas asked what about the rest of the...I've got to believe that renovations in some of these other downtown buildings has increased their value.

Mr. Tellier stated some of that but it's not a big number. The big numbers are being driven outside of the Central Business District right now.

Alderman Porter stated the \$10 million is assessment, the equalization ratio is 57.1%...that represents \$17.5 million in market value. So, I think if we're going to deal in real numbers if we equalize it to market value it's greater than what \$10 million would reflect. The other thing, Steve, on here it has a balance of \$33.81 ...if I do the math it comes out to \$83.81...is that just a typo I assume.

Mr. Tellier replied it must be a typo yes.

Alderman Lopez stated I think the amendment speaks for itself. I think that Intown wants the \$225,000 as a budget and the authorization because of the calculation that the Assessors have made...they would still have to go through a process to spend whether it's \$8,000, \$9,000, \$10,000 whatever the case may be... they would still have to go through that process and that's the agreement that's set up and I think if we establish more...I don't want to speak to Stephanie but I think the Board of Directors have established the \$225,000 and they haven't had an opportunity to you know...do you know the answer to that, Steve?

Mr. Tellier replied the difficulty here, Ladies and Gentlemen, is the difference in setting the tax rate for the City's real estate is that the City adopts an appropriation number and then through the DRA calculations they assign a rate. With this statute an essential business it is incumbent upon the Board of Mayor and Aldermen to set the rate and we don't have the ability to go to tenths of a cent. So, you'll always have a little bit higher or a little bit lower...in this case it has to be a little bit higher...you'll always have some residual. What the City Clerk has provided for in their discussions is a mechanism so that there are checks and balances on what to do with the small residual that's remaining, that's my understanding of the discussion.

Alderman Lopez stated the last comment that I would make is that I think it's important that whatever the process be that Intown will probably utilize that process in order to beautify the City or whatever the case may be but there will be a process and I don't think anything's wrong it myself.

Alderman Guinta stated, Steve, three or four locations I had a question about are the Pickering Building, the Gasser Building, McQuade's and some of the Lowell Street renovations...none of that...that's all included in that additional \$10 million in valuation.

Mr. Tellier replied no, not at all. We're in the midst of doing all our new construction. As you know, the Board of Assessors estimated a \$65 million increase city-wide for purposes of budget considerations. If it's in this district it's going to be picked up as part of this. We're going to estimate to the best of our ability...they're still a little rough as far as in the Central Business District but any overage to come up on this I think that the mechanism that the City Clerk has put forward before you you'll have that checks and balance in place. In fact there's still the appropriation that they're allowed to spend...my understanding is \$225,000...that's their budget.

Alderman Guinta asked what happens if it comes in over the \$233,000...say it comes in at \$250,000 or \$255,000?

Deputy City Clerk Johnson stated I didn't hear your question.

Alderman Guinta stated my question is we're using the \$.64 cents...what happens if the net valuation actually exceeds the \$364,600 number that we're using to the point of where...

Deputy City Clerk Johnson stated then next year you would appropriate additional funds; that was the discussion that the Finance Department had with the DRA this year when we had the problem.

Alderman Guinta stated but specifically for this resolution who then has the controlling authority over the money over and above the \$225,000 that's appropriated to Intown.

Deputy City Clerk Johnson stated the \$5,500 that you would be adding...what is being suggested is that it be a restricted line item subject to the approval of the CBSD Advisory Board which is the Board established by statute and the Planning Director who is the overseer under the City's ordinance.

Alderman Guinta asked are there other alternatives?

Deputy City Clerk Johnson replied you could put it as unrestricted funds and allow it to go forward. It's restricted now to the Planning Director...the \$225,000. You could restrict it to him and let him how to decide to spend it I suppose, that would

be another alternative. We were trying to set...there's \$5,500 that has not been discussed that is there. Intown may or may not need that money for things or could suggest to the CBSD how to expend that. But, the thought process was to just have a process for that to be expended. If the Board wants to put the full amount to the Planning Director and then redirect him at some point to give it to Intown through another contract it could do that I suppose.

Alderman Guinta stated my concern isn't with the \$5,500...my concern is if the valuation increases such that the total appropriation exceeds...

Deputy City Clerk Johnson interjected it can't. You're appropriating only \$5,500 plus the \$225,000 if you do this amendment. Anything extra that comes in above and beyond that is not appropriated...it will sit in the account and then next year when you do an appropriation we would add whatever that value...we'll adjust for that amount because you had \$225,000 basically that was left over or \$2,300 from last year and we're adding that in now, that's what we're doing. We just collected \$2,300.

Mayor Baines called for a vote on the motion to amend the Central Business Service District Appropriating Resolution. There being none opposed, the motion carried.

Alderman Roy moved that the Appropriating Resolution ought to pass and layover as amended. Alderman DeVries duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines addressed item 15 of the agenda:

**15. Resolution:**

“Establishing a Non-Capital Reserve Account pursuant to  
RSA 34:1-a.”

On motion of Alderman Thibault, duly seconded by Alderman Roy, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Mayor Baines asked what would the motion be?

Deputy City Clerk Johnson replied the motion would be to refer this resolution and all other resolutions as introduced for the budget to public hearing and we would suggest a date of May 17, 2005 at 6:30 PM.



Alderman O'Neil moved that the resolution ought to pass and layover and further to refer this resolution and all other budget resolutions to public hearing on Tuesday, May 17, 2005 at 6:30 PM in the Aldermanic Chambers. Alderman DeVries duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines addressed item 17 of the agenda:

**17. Appropriating Resolution:**

“Continuation of the Central Business Service District.”

On motion of Alderman DeVries, duly seconded by Alderman Shea, it was voted that the Appropriating Resolution be read by title only, and it was so done.

Alderman Roy moved that the Appropriating Resolution ought to pass and layover. Alderman Thibault duly seconded the motion. There being none opposed, the motion carried.

There being no further business to come before the Committee on Finance, on motion of Alderman Smith, duly seconded by Alderman Porter, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee